

AD-A212 867

TION PAGE

DTIC FILE COPY

Form Approved
OMB No. 0704-0188

2

Publ
gath
colle
Davr.

page 1 hour per response, including the time for reviewing instructions, searching existing data sources, the collection of information. Send comments regarding this burden estimate or any other aspect of this Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.

1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE July 1989		3. REPORT TYPE AND DATES COVERED	
4. TITLE AND SUBTITLE Total Quality Management Directorate of Contract Management Master Plan				5. FUNDING NUMBERS	
6. AUTHOR(S)					
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Defense Logistics Agency Directorate of Contract Management Alexandria, VA				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES					
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for Public Release; Distribution is Unlimited.				12b. DISTRIBUTION CODE	
13. ABSTRACT (Maximum 200 words) This document describes the Directorate of Contract Management Total Quality Management implementing plan. It includes a description of the TOM concept, the structure established to implement TQM and goals established by the Directorate of Contract Management to implement TQM. TQM goals within the Directorate focus on three primary areas: TQM training, harmonizing contract management policies and procedures with the TQM philosophy, and enhancing communication and feedback.					
14. SUBJECT TERMS TQM (Total Quality Management), Contract Management, Continuous Improvement, Personnel Training				15. NUMBER OF PAGES	
				16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT UNCLASSIFIED		18. SECURITY CLASSIFICATION OF THIS PAGE UNCLASSIFIED		19. SECURITY CLASSIFICATION OF ABSTRACT UNCLASSIFIED	
				20. LIMITATION OF ABSTRACT UL	

DTIC
ELECTE
SEP 29 1989
E D

TOTAL QUALITY MANAGEMENT

DIRECTORATE OF CONTRACT MANAGEMENT

MASTER PLAN

Project Name	
Project Number	<input checked="" type="checkbox"/>
Project Status	<input type="checkbox"/>
Project Location	<input type="checkbox"/>
Project Description	
Project Objectives	
Project Milestones	
Project Budget	
Project Risk	
Project Quality	
Project Communication	
Project Stakeholders	
Project Sponsor	
Project Manager	
Project Team	
Project Deliverables	
Project Results	
Project Lessons Learned	
Project Closure	

A-1



89 9 29 004

INDEX

	PAGE
I The Total Quality Management (TQM) Concept	1
A. Department of Defense.	1
B. Defense Logistics Agency	2
C. Directorate of Contract Management	4
II TQM Methodology.	6
A. HQ DLA TQM Structure	7
B. Directorate of Contract Management TQM Structure	8
III Core Contract Management TQM Goals	9
A. Training	9
B. Harmonize Policies and Procedures:	10
C. Enhance Communication and Feedback	11
D. Work Environment	12
E. Monitor Effectiveness.	13
IV Milestones	14

I The Total Quality Management (TQM) Concept

TQM embodies an organizational philosophy and practice of committing the combined personnel resources of the organization to continuous process improvements in the provision of products and services to its customers. It requires the involvement and dedication of personnel at all levels within the organization, starting with senior management. It is a long term process that focuses on the mission goals and objectives of the organization and sub-elements within the organization, and the processes and procedures employed to achieve stated goals and objectives. TQM is a continuous, self-evaluative process designed to improve existing processes and procedures so as to improve the delivery of products and services to an organization's customers. It is a structured and disciplined approach aimed at optimizing an organization's performance. To be successfully implemented, TQM must be practiced by every employee.

A. TQM within the Department of Defense (DoD)

DoD has adopted TQM as the principal means of attaining improved performance at all levels within the Department. The DoD TQM philosophy highlights the critical need for long term planning, continuous improvement in processes and procedures, team work, personnel development, optimizing Government/Industry relations, problem solving, and continuous self-evaluation and analysis, among others. Outlined below are the four principal areas comprising the DoD TQM philosophy and the critical elements contained within each of the four areas.

(DoD TQM Philosophy)

Techniques and Tools

Practices

Principles

Vision

I Vision:

1. Starting point for long-term planning.
2. Emphasis on improvement.

II Principles:

1. Continuous process improvement.
2. Knowledge and understanding of processes.
3. Focus on customer.
4. Commitment by all - teamwork.
5. Constancy of purpose.

III Practices:

1. Planning/Goal-setting.
2. Promote continuous improvement - consistent communications.
3. Optimize use of human/material resources.
4. Train personnel.
5. Optimize Government/Industry relations.

IV Techniques and Tools:

TQM oversight methods: strategic planning, problem review/analysis,
process streamlining, resource optimization, skill-building.

B. TQM within the Defense Logistics Agency

The DLA TQM Master Plan, published in January 1989, further refines the DoD TQM philosophy to address the Agency's specific mission goals and objectives. A message from the Director concerning TQM, which is incorporated in the Agency's Master Plan, is included at Attachment 1.

DLA's Master Plan emphasizes that TQM is not a passing fad, an empty slogan, or short-term initiative. It represents a total commitment by the Agency. The Master Plan serves as a foundation upon which the individual Principal Staff Element (PSE) and Primary Level Field Activity (PLFA) TQM plans can build. Decentralizing responsibility for adopting TQM throughout the Agency fosters local initiative and innovation.

Factors identified in the DLA Master Plan as basic to TQM and critical to the successful institutionalization of TQM within DLA are summarized below.

- (1) Commitment by top management.
- (2) Involvement of all personnel.
- (3) Consistency of purpose and a disciplined approach to establishing organizational goals and objectives.
- (4) Orientation towards customer satisfaction.
- (5) Establishment of an environment conducive to continuous process improvement.
- (6) Recognition of the importance of personnel and personnel training.
- (7) Emphasis on teamwork.

DLA is a service organization whose ultimate customers are the Military Services. In another sense, however, there is a customer for each task performed by a PSE or PLFA. The customer base expands even further if you consider the various tasks performed by PSE Divisions or even individual employees. Customers can be other PSEs, Divisions, committees, or fellow employees.

TQM requires a continuous assessment of a customer's needs and a systematic evaluation of the work tasks (processes) performed that contribute either directly or indirectly to customer satisfaction. The overriding objective is continuous process improvement which advances the mission and goals of the organization.

Changes to processes can be a reaction to customer's expressed needs or they can evolve internally through analyzing existing processes with the goal of increased organizational efficiency and effectiveness. A process is a systematic approach to accomplishing a specific task. Changing a process requires a full appreciation and understanding of what the process is intended to accomplish, how it impacts the customer, and how the change will improve efficiency and effectiveness, and ultimately, customer satisfaction. Process changes must be fully coordinated and carefully integrated into the organization's existing operational procedures.

C. TQM within the Directorate of Contract Management

The TQM plan for the Directorate of Contract Management is modeled after the Agency's TQM Master Plan. The Directorate plan embraces the concept of continuous process improvements in the performance of Contract Management staff functions at Headquarters and in the oversight of Contract Management

functions performed within the nine Defense Contract Administration Services (DCAS) Regions.

The methodology and core goals described in the succeeding pages acknowledge the need for flexibility in establishing TQM goals and objectives. Institutionalizing TQM within the Directorate is a long-term process. Periodic fine-tuning of goals and objectives will be necessary as the TQM concept is assimilated throughout the organization.

To facilitate the adoption of the TQM concept by all personnel, a significant initial investment will be made in TQM training. All personnel will receive introductory TQM training with more intensive training provided to senior personnel and selected TQM facilitators within each Division of the Directorate.

II TQM Methodology

TQM is the practice of continuous process improvement within a disciplined and structured organizational setting. To implement a satisfactory TQM plan, an organization must have a well defined mission with supporting goals and objectives designed to foster mission accomplishment. An organization's strategic plans for accomplishing its mission are subject to periodic change to adjust to both internal and external contingencies, but the process of change should be both structured and rationale.

TQM focuses on those tasks or work units (processes) that are necessary to accomplish the organization's stated goals and objectives. To implement TQM, one must fully comprehend the content and purpose of processes, and their cause and effect relationship to the overall organization's goals and objectives. The following excerpt from the Agency's TQM Master Plan identifies a series of steps involved in continuous process improvement.

- (1) Identification of work processes.
- (2) Identification of relevant measurement points.
- (3) Identification and prioritization of opportunities for improvement.
- (4) Implementation of the best solutions.
- (5) Monitoring effectiveness.

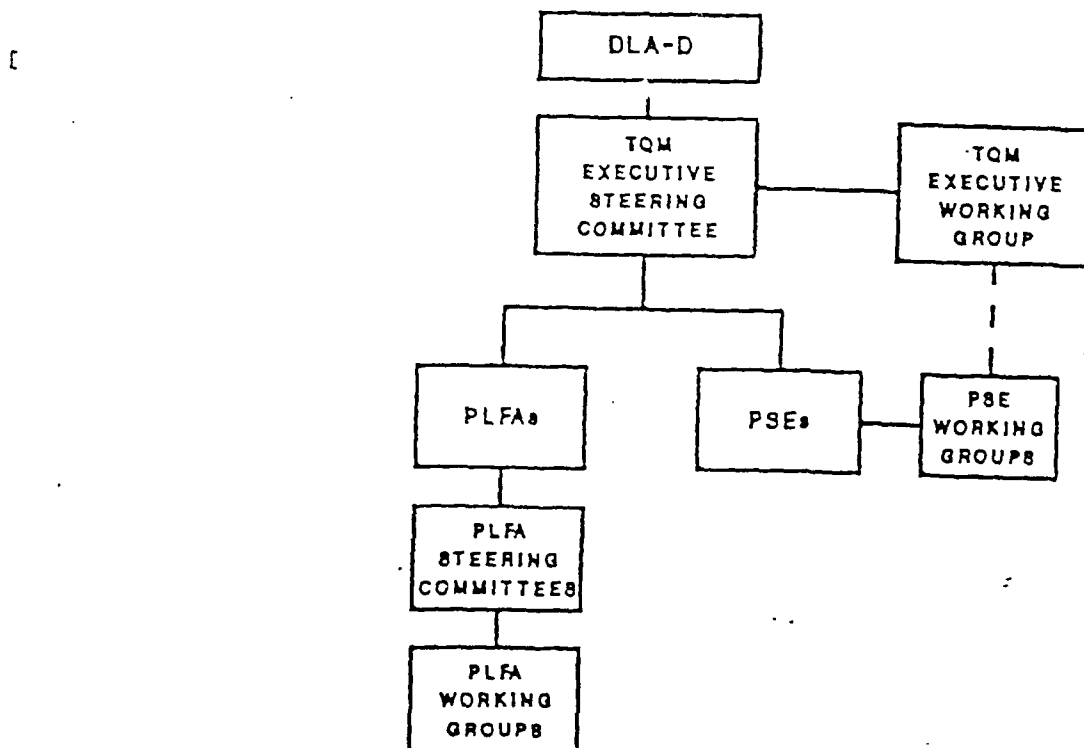
Processes can range from simple, repetitive manual operations, to complex, multidimensional tasks impacting several operations or organizational units. The objective of TQM is to isolate those processes present opportunities for improvement. Alternative processes are then analyzed, the best alternative is selected and put into practice, and then monitored to ensure the desired results are obtained.

A. DLA TQM Oversight Structure

The responsibility for establishing broad Agency TQM goals and monitoring the implementation of TQM throughout the Agency rests with the Executive Steering Committee (ESC). The ESC reports to the Director and is comprised of all PSE Heads. The ESC is chaired by the Director, Directorate of Quality Assurance and will meet no less than quarterly to discuss the Agency's progress and to formulate or refine policies, initiatives, and goals. Each PLFA will also establish an Executive Steering Committee reporting to the PLFA Commander for the purpose of overseeing the implementation of TQM.

An Executive Working Group (EWG), comprised of a representative from each PSE, will provide support to the ESC and assist PSEs and PLFAs in the development and oversight of their respective TQM plans. Copies of each PSE and PLFA TQM plan will be provided to the EWG. Working groups will also be established within each PSE and PLFA.

A schematic of the Agency TQM structure is provided below.



B. Directorate of Contract Management TQM Structure

The Directorate TQM structure consists of an Executive Working Group (EWG) reporting to the Director, Directorate of Contract Management. The EWG will be comprised of a TQM facilitator designated by each of the 7 Division Chiefs, and will be chaired by the representative from the Plans, Policies, and Systems Division. The EWG will be responsible for overseeing the implementation of TQM within the Directorate, formulating policies and objectives as needed, and coordinating HQ Contract Management TQM efforts as appropriate with other HQ PSEs and the TQM efforts of the DCAS Region functional counterparts.

TQM goals within the Directorate focus on three primary areas:

- (1) Personnel Training - TQM orientation and training as well as improved job training.
- (2) Harmonizing Contract Management policies and procedures with the TQM philosophy.
- (3) Enhancing Communication and Feedback among HQ Contract Management staff, other HQ PSEs, and contract administration office personnel to accelerate assimilation of TQM.

TQM is a dynamic process and opportunities for improvement will be explored in every facet of our staff and field organization operations. The overriding objective of TQM is to improve the quality of services provided to the Military. Each individual Contract Management process, however small, that can be improved upon will contribute in some way to better services to our Military customers.

III Core Contract Management TQM Goals

A. Training

TQM represents a significant shift in traditional management and labor philosophies and practices. TQM emphasizes continuous process improvement in all phases of an organization's operations by all personnel. It applies equally to manufacturing, retail, and service organizations.

TQM requires discipline, dedication, and a full understanding of TQM principles and techniques. To ensure successful implementation, Contract Management personnel will receive both formal and on-the-job TQM training comprised of the following.

- Formal Training:

- (1) Introductory Training -- all personnel
- (2) Advanced Training -- senior level personnel
- (3) Specialized Training -- TQM Facilitators
- (4) Refresher Training -- all personnel

- On the Job Training:

All personnel - TQM Facilitator and management responsibilities

TQM also requires a full understanding of the work tasks or processes that comprise a job. Only those employees proficient in their respective functions can adequately analyze individual work processes, determine the impact of the processes on larger organizational functions, or goals, and identify opportunities for improvement.

Employee training opportunities, both formal training and on the job training, will continue to receive priority emphasis. Ongoing initiatives in

the training field include:

- (1) Development of the DLA-specific Contract Administration Course.
- (2) Development of 31 lesson plans providing standardized, in-house training packages on a wide variety of Contract Management functions.
- (3) Use of video training modules in progress payment administration and cost monitoring.
- (4) Use of computer based training modules in such areas as property system reviews and progress payment administration.

The provision of TCM training to all personnel, coupled with a continued emphasis on professional development and job training will expedite the institutionalization of TCM within the organization.

B. Harmonizing Contract Management Policies and Procedures

In discharging its responsibilities for the oversight of Contract Management functions performed within the nine DCAS Regions, the Directorate issues policy and procedural guidance in the form of DLA Manuals and other instructions. To ensure existing policies and procedures are consistent with TCM principles, a review of all DLA Manuals issued by the Divisions will be conducted jointly with the DCAS Regions. The review will entail an indepth study of all policies and procedures for the purpose of improving the efficiency and effectiveness of internal operations and the quality of service to our Military customers. In addition to this review, all future policy and procedural guidance issued to the DCAS Regions will be subjected to a similar process analysis and evaluation for the purpose of identifying and

implementing opportunities for improvement. Finally, operations internal to the Directorate will be reviewed to ensure barriers to the implementation of TQM are removed.

Harmonizing existing policies and regulations with TQM will spur further quality improvements within the organization and feed the cycle of continuous process improvement in all aspects of our work environment.

C. Enhance Communication and Feedback

One of the principal barriers to adopting a successful TQM program is a lack of communication and feedback among employees and between employees and management. TQM must evenly penetrate all layers of an organization to effectively implement a continuous process improvement system. Employees must be willing to share ideas within and outside their functional areas, and supervisors must be willing to consider alternative ways of doing business.

As TQM gradually becomes a part of the culture of an organization, barriers to communication within the organization slowly disappear. Initially, however, these barriers can slow down the transformation process. To foster improved communications within the Directorate and within individual Divisions, the Executive Working Group (EWG) will meet at least every six months, or earlier as directed by the EWG Chairman, to review the Directorate's progress in implementing TQM. These meetings will provide a forum to discuss ways to facilitate TQM and to review any current TQM proposals. The EWG will also act as a sounding board in coordinating and integrating the many ongoing initiatives within the Directorate. There are

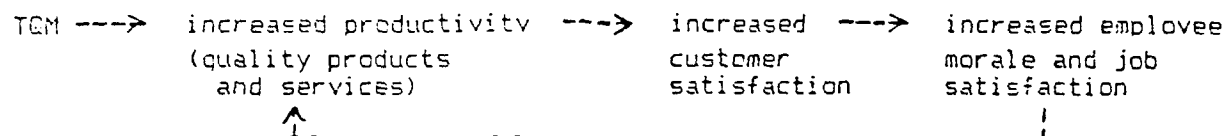
numerous automation initiatives now underway, for example, that warrant the full coordination of all Divisions within the Directorate and other PSEs. The practice of TQM will facilitate this coordination.

D. Work Environment

Productive employees are generally motivated to provide quality products and services. This motivation is enhanced by TQM. It is further enhanced by providing employees with suitable working environments and the necessary tools to function efficiently and effectively. The quality of the work environment reflects an organization's commitment to its employees. Every effort must be taken to ensure that the quality of work environment is optimized. This might involve utilities (heat, light, etc), fixtures, or work tools, such as the availability of microcomputers and software. Each investment in improving the work environment is returned through increased employee productivity.

E. Monitor Effectiveness

TQM focuses on the processes that affect the quality of the products or services produced by an organization. Improving individual processes translates into better products and services which, in turn, generates increased customer satisfaction. TQM and productivity are also intertwined. As quality improves, employees devote less time to rework and more time on producing and delivering products and services to the customer. Finally, increased customer satisfaction and organization productivity directly influence employee morale and job satisfaction.



Productivity, customer satisfaction, and employee morale are all stimulated by TQM, and each reinforces the others. As TQM becomes institutionalized within the organization, improvements in each of these three areas can be monitored. The Special Purpose Data and Unit Cost programs and DCAS Performance Indicators can be used as gross indicators of productivity enhancement. The Customer Relations Program (DLA Regulation 8000.2) will serve as a useful index of buying activity satisfaction with the timeliness and quality of contract administration services performed by contract administration offices within the DCAS Regions. Various indices can also be used to measure employee morale and job satisfaction. The Model Installations Program, Productivity Improvement Program, and Beneficial Suggestion Program were established to motivate employee participation in improving operations. An increase in the frequency of employee proposals submitted under these and other programs, such as Value Engineering, would be indicative of a widening interest in improving the quality of work processes and procedures.

A reduction in personnel turnover and the use of sick leave by employees would indicate a higher level of morale and team spirit. Low employee morale and work productivity are often accompanied by high turnover and frequent use of sick leave.

MILESTONES	CY 1989				CY 1990				CY 1991				CY 1992				CY 1993				CY 1994			
	QTR				QTR				QTR				QTR				QTR				QTR			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. TRAINING:																								
(a) Introductory Training (All personnel)	■																							
(b) Advanced Training (Senior personnel)	o	*																						
(c) Development of Specialized Training		o	*																					
(d) Specialized Training (TQM Facilitators)			o	*																				
(e) Refresher Training				o	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
2. HARMONIZING POLICIES & PROCEDURES																								
(a) Contract Management Manuals	o				*																			
(b) Miscellaneous Policy/Procedure Memorandums		o	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
(c) Integrate Ongoing/New Initiatives		c	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
3. ENHANCE COMMUNICATION AND FEEDBACK																								
(a) Establish Executive Working Group		o																						
(b) Convene Executive Working Group			o	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
4. WORK ENVIRONMENT INITIATIVES			o	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
5. MEASUREMENT OF TQM RESULTS			o	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦

LEGEND:

- o Scheduled Start
- * Scheduled Completion
- ♦ Ongoing Process
- Completed

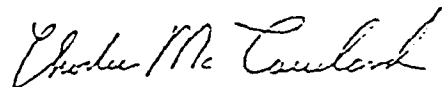
A MESSAGE FROM THE DIRECTOR ON
TOTAL QUALITY MANAGEMENT

As you read the DLA Total Quality Management Master Plan, I ask each of you to reflect on the application of 'Quality' in your life style. In the context of TQM, the definition of life style includes --- work style, management style, and leadership style.

Total Quality Management is not the traditional 'Quality Assurance' approach with which we are all familiar. Rather, it embodies a philosophy that says there is a realm of quality in the way we think, act, conduct our business, and interact with others.

Total Quality Management suggests that we must identify and review the processes that affect our lives and continuously strive for improvement. In the biblical sense, it almost sounds religious. In some ways it is. TQM demands commitment, discipline, and continuous improvement starting with the top executive of an organization.

Rest assured, Total Quality Management has my fullest attention and commitment. I expect it to have yours too. As you become familiar with the Total Quality Management life style, I trust that you will share my enthusiasm and lead DLA along the path of Total Quality Management.



CHARLES McCAUSLAND
Lieutenant General, USAF
Director